

NEVADA TAX COMMISSION MEETING
MINUTES

May 3, 2021
9:00 a.m.

Chairman DeVolld called the Meeting to order at 9:00 a.m.

Members Present:

Jim DeVolld, Chairman
Craig Witt, Commissioner
Tony Wren, Commissioner
Sharon Rigby, Commissioner
Randy Brown, Commissioner
Ann Bersi, Commissioner
Francine Lipman, Commissioner
Stan H. Johnson, Commissioner

I. Public Comment.

There was no public comment.

Director Young administered an oath to those testifying.

II. Meeting Minutes:

A. Consideration for Approval of the March 8, 2021 Nevada Tax Commission Meeting Minutes.

Commissioner Brown moved to approve the March 8, 2021, Nevada Tax Commission Meeting Minutes. Commissioner Witt seconded the motion. All in favor. Motion carries.

III. CONSENT CALENDAR:

A. Matters of General Concern:

1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):

- a) ABC Automotive Investments II Inc.
- b) Coyotes LLC
- c) Great Basin Multi-Systems
- d) Hospodka Enterprises LLC
- e) JM Cheyenne LLC
- f) JM West Flamingo LLC
- g) JUS Inc.
- h) Marias Quick Stop LLC
- i) The Clubhouse Too LLC

B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure (Sales/Use Tax, Modified Business Tax and/or Commerce Tax):

- 1) 8527342 Canada Inc.
- 2) Austco Healthcare (USA) Inc.
- 3) Awaken Realms
- 4) Borderfree Limited
- 5) Bravado Designs Ltd.
- 6) Darktrace Ltd.
- 7) Data Centrum Communications Inc.

- 8) ETAP
- 9) Filson
- 10) Global Healing Center LP
- 11) Glowforge Inc.
- 12) Great Plains Industries Inc.
- 13) Haag-Streit USA Inc.
- 14) ISA International Inc.
- 15) JustFoodForDogs LLC
- 16) Ledge Lounger Inc.
- 17) Metalforming Inc.
- 18) Midwest Sports Supply Inc.
- 19) MYX Fitness LLC
- 20) Newmar Power
- 21) Novelty Lights LLC
- 22) P W Gillibrand Co Inc.
- 23) Path-Tec LLC
- 24) Rain Bird Corporation
- 25) Ridge Wallet LLC
- 26) Shred-Tech USA
- 27) Twenty Four 7 Inc.
- 28) Voyetra Turtle Beach Inc.
- 29) Watermark Medical Inc.

C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:

- 1) Circle K Stores Inc.
- 2) BUL Connections LLC
- 3) Las Vegas Pizza LLC
- 4) MEI GSR Holdings LLC dba Grand Sierra Resort & Casino
- 5) Thunderbolt Associates LLC
- 6) Amazon.com LLC
- 7) CCAP Auto Lease LTD Business Trust
- 8) 300 Stewart Avenue Lessee LLC

D. Approval of Refund/Credit Request in Excess of \$250,000:

- 1) MGM Resorts International
- 2) Zurich American Insurance Company
- 3) Resort World Las Vegas LLC

E. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (Sales/Use Tax, Modified Business Tax, Excise Tax and/or Commerce Tax)

- 1) Motor Coach Industries Inc. and MCI Sales and Service, Inc.

F. Department's Recommendation to the Commission for Approval of an Offer-In-Compromise pursuant to NRS 360.263:

- 1) Gloria Dixon Gillespie
- 2) William McMahan
- 3) Charles and Melissa Haycox

Commissioner Brown pulled Item III. B. 27) Twenty Four 7 Inc. for further discussion.

Chairman DeVold pulled Item III. E. 1) Motor Coach Industries Inc. and MCI Sales and Service Inc. for further discussion.

Commissioner Rigby made a motion to approve the Consent Calendar, excluding items III. B. 27) and III E. 1). Commissioner Bersi seconded the motion. All in favor. Motion carries.

Item III B. 27) Twenty Four 7 Inc. - Commissioner Brown mentioned that on Page 223 of the documents, it states that a portion of the penalties and interest were paid, but it also states that it was paid in full. Commissioner Brown made a motion to approve the matter of Twenty Four 7 Inc. Commissioner Wren seconded the motion. All in favor. Motion carried.

Item III. E. 1) Motor Coach Industries Inc. and MCI Sales and Service Inc. - Louis Csoka, Deputy Attorney General was present on behalf of the Nevada Department of Taxation. Joshua Hicks with McDonald Carano and Jordan Goodman with HMB Legal were present on behalf of the Taxpayer. Commissioner Wren made a motion to approve the matter of Motor Coach Industries Inc. and MCI Sales and Service Inc. Commissioner Bersi seconded the motion. All in favor. Motion carries.

IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

A. Consideration for Approval and Adoption of the 2021 - 2022 Ratio Study, pursuant to NRS 361.333.

Shannon Silva, Supervisor of Local Assessed Properties, presented the 2021-2022 Ratio Study to the Commission on behalf of the Department. Ms. Silva stated that the Department conducts the Ratio Study in accordance with NRS 361.333. It requires the Department to determine the ratio of the county-derived assessed values to the taxable value of properties that is determined by the Department through appraisals of individual parcels. If the ratio of assessed value to taxable value falls between 32 and 36 percent, it is in compliance with statute. The Nevada Tax Commission is obligated by statute to equalize property under its jurisdiction. There are two types of information the Commission considers to determine whether property has been assessed equitably. The first comes from a ratio study which is a statistical analysis designed to study the level and uniformity of the assessments. The second comes from a review to determine whether each county has adequate procedures in place to ensure that all property subject to taxation is being assessed in a correct and timely manner.

Commissioner Wren asked why the counties do not all use the same software. Deputy Director Mitchell stated there is not a law currently governing the software and the counties can choose their own vendors.

Jared Brackenbury, Lincoln County Commissioner, stated that standardizing the software is a good idea.

Ruth Lee, Esmeralda County Assessor, was present and stated ADS had never conformed either, but the conversion was quite easy and she has been quite satisfied with it.

Commissioner Rigby acknowledged that Mineral County has had help from the state and has had great progress. Commissioner Rigby also acknowledged the great work that Assessor Lee has done and wished her well in her retirement.

Jana Seddon, Storey County Assessor, stated she was part of the board that was involved with the DEVNET software. Once the personal property system gets in place, it is vetted, and we know it is working well, she would have absolutely no problem giving access to the information. Ms. Seddon believes that the majority of the assessors who are on the DEVNET system would feel the same way.

Kevin Chism, with Mineral County, was present. Mr. Chism stated that Mineral County was tentatively approved for a vehicle this year, and they have a new appraiser trainee. There have been

no problems opening the DEVNET system, so it will make the state's job a lot easier once it is up and running.

Jamie Jacobs, Clark County, stated Clark County can certainly look into providing views into their system. Jamie Jacobs thanked Shannon Silva for her work.

Commissioner Wren mentioned to Mr. Mitchell that we may check to see if there is money available for the counties to conduct the ratio studies.

Commissioner Wren made a motion to approve and adopt the 2021-2022 Ratio Study and recommended that Lincoln County reappraise parcels over 160 acres between now and the new Ratio Study. Commissioner Rigby seconded the motion. All in favor. Motion carries.

B. Discussion and Consideration for Approval of the 2022-2023 Improvement Factor Study, pursuant to NRS 361.261(2).

Cheryl Erskine, Coordinator of Assessment Standards, presented the 2022-2023 Improvement Factor Study to the Commission on behalf of the Department. Ms. Erskine stated that NRS 361.261 gives the assessors the opportunity to notify the Commission that they either approve or object to the Improvement Factor. Currently, two of the seventeen counties use the Improvement Factor. There was not any disagreement.

Commissioner Rigby asked if it would be possible to add a third option to re-cost each year so that we would not need to accept or reject. Ms. Erskine agreed.

Commissioner Rigby made a motion to approve the 2022-2023 Improvement Factor Study. Commissioner Witt seconded the motion. All in favor. Motion carries.

C. Discussion and Consideration for Approval for the 2022-2023 Personal Property Manual as authorized under NRS 361.227 and NAC 361.1365.

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Department. Mr. Mitchell stated Nevada Revised Statutes 361.227 Subsection 6 assigns the Nevada Tax Commission the responsibility of establishing standards for determining the replacement costs of various kinds of personal property. These standards and methods of valuation are contained in the Personal Property Manual. The Department, by regulation, is required to hold a workshop every year before it is presented in front of the Tax Commission. The Department held a workshop on April 8th, 2021.

Commissioner Brown made a disclosure that the manual includes telecom and ISP equipment. Commissioner Brown stated it does not affect his employer any differently than any other telecom or ISP provider. Commissioner Brown stated he will be voting.

Commissioner Rigby made a motion to approve the 2022-2023 Personal Property Manual. Commissioner Lipman seconded the motion. All in favor. Motion carries.

D. Review and Consideration for Adoption of Bulletin 211, 2022-2023 Agricultural Land Values and Open Space Property Procedures as authorized under NRS 361A.140 and NRS 361.325(1)(b).

Cheryl Erskine, Coordinator of Assessment Standards, presented Bulletin 211, 2022-2023 Agricultural Land Values and Open Space Property Procedures to the Commission on behalf of the Department, as authorized under NRS 361A.140 and NRS 361.325(1)(b).

Commissioner Witt made a motion to adopt Bulletin 211, 2022-2023 Agricultural Land Values and Open Space Property Procedures. The motion was seconded by Commissioner Bersi. All in favor. Motion carries.

V. COMPLIANCE DIVISION:

- A. Taxpayer's Appeal of Administrative Law Judge's Decision pursuant to NRS 360.245 and NAC 360.175:
1) Blow Smoke and Gift Shop LLC

Elizabeth Hickman, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Eden Morrill and Wahid Astanikzi were present on behalf of the Taxpayer.

Commissioner Rigby made a motion to uphold the Administrative Law Judge's decision with the caveat that the penalty be reduced from \$2,000 to \$1,000 in consideration of the current COVID hardships. Commissioner Wren seconded the motion and stated when looking at the pictures, their argument is that they were given away for free, but if you look at the pictures, they all have prices on them. Roll Call Vote: Commissioner Wren – Aye; Commissioner Brown voted Aye and stated he agrees with Commissioner Rigby that in order to conserve the Department's resources, it seems like a prudent way to proceed for such a small dollar amount. Commissioner Rigby – Aye; Commissioner Lipman – Nay; Commissioner Witt – Nay; Commissioner Bersi – Aye; Commissioner Johnson – Aye. Motion carries.

VI. INFORMATIONAL ITEMS:

- A. Penalty and Interest Waivers granted by the Department for Sales/Use Tax, Modified Business Tax and Excise Tax (dates as indicated).
B. Approval and Denial Status Report Log for Organizations Created for Religious, Charitable or Educational Purposes (dates as indicated) (Sales/Use Tax Exemption).

There were no questions.

VII. BRIEFING:

- A. Briefing to/from the Commission and the Executive Director.

Director Young reported: The Department has been very busy this legislative session. On May 1st the Department's budget was presented to the full committees on Assembly Ways and Means and Senate Finance for closing. SB 414 was presented in Senate Finance, which is a one-shot appropriation for our system modernization. Also a one-shot funding and outside of our budgetary processes are SB 415 for our office consolidation in the Las Vegas area, as well as SB 416 which is our computer and printer replacements. AB 9 is the Department's policy bill and would allow the Department to share taxpayer information to the Governor's Finance Office for revenue projections has passed and has been enrolled and signed by the Governor. SB 25 makes revisions to the definition of prepared foods and SB 74 revises the population utilized for tax distributions have both been heard in both houses and will be moving forward to be finalized. BDR 1077 which will establish an annual seller's permit fee of \$15. SB 423 will set a budget to reimburse the Department for processing centrally assessed property tax. BDR 1079 will increase the Justice Court fee from \$1 to \$2 to cover the cost of the state demographer position. The Department is following several large tax bills that could be implemented this session. SB 389 would implement a new excise tax for peer-to-peer car rentals; SB 346 is a digital products excise tax; as well as SB 281 which would impose an excise tax on the retail sale of hemp or CBD products. This final month of session will be very busy for the Department while we work through these bill hearings. The Department is working on its return to normal work plan. The provisions of having the Tax Commission being handled remotely will end June 1st and the June 25th Tax Commission meeting will have a physical location at the

Carson City office. There are several staffing changes within the department. Jeff Hardcastle, the State Demographer, has announced his retirement and he will be retiring at the end of June. The executive team interviewed and recruited for the position and has offered the position to Matt Lawton, who will be starting next week. Fortunately, Matt will have an opportunity to work with Mr. Hardcastle through his retirement. Also, I'm saddened to share that Kannaiah Vadlakunta has announced that he has accepted a position with the City of Reno. Kannaiah has been in the position of deputy director for IT for about five years. Currently, or pending the recruitment and filling of this position, we are very fortunate that Joe Bernardy has accepted the role of acting Deputy Director for this position. Deputy Director, Dave Prather, for the administration will be on leave for an extended period of time. Until his return, the rest of the executive team will be sharing the duties of his position.

- VIII. Next Meeting Date: June 25, 2021
- IX. Public Comment - There was no public comment.
- X. Items for Future Agendas - No items for future agendas were discussed.
- XI. Meeting adjourned at 10:40 a.m.